



Written by [Angeline Tan](#) on April 29, 2023

## Fed Chair Admits Recession, Rate Hikes to Prank Callers

During a prank call with two Russians impersonating Ukrainian President Volodymyr Zelensky in January this year, U.S. Federal Reserve Chair Jerome Powell made some startling admissions ranging from inflation to the possibility of establishing a Federal Reserve bank in Kyiv, according to a video that initially emerged on Russian television and reports on the call that were first made by Bloomberg on April 27.

“Chair Powell participated in a conversation in January with someone who misrepresented himself as the Ukrainian president,” a Fed spokesperson said April 27.



AP Images  
Jerome Powell

“It was a friendly conversation and took place in a context of our standing in support of the Ukrainian people in this challenging time,” the spokesperson from the U.S. central bank said in response to the revelations. “No sensitive or confidential information was discussed.”

Furthermore, the Fed said the video of the interview appeared to have been edited, and it was difficult to ascertain its veracity.

Notably, Powell, thinking he was speaking with Zelensky, divulged during the call that the Fed would increase rates two more times, despite having been more discreet about the topic even when testifying before Congress.

“The market is already pricing in two more quarter percentage point rate hikes. We’ll look around after we make those two and we’ll say should we do any more, and then the question will be how long do we keep rates at this level — and I think we’ll keep them there for quite some time,” said Powell in a video clip that was first aired on Russian television and is now making its rounds on the web.

Moreover, Powell admitted that the U.S. economy would grow “at a subdued level” and that a recession would be “almost as likely as very slow growth,” as the Fed “raised rates quite a bit,” a move which he justified on the pretext of curtailing inflation.

“What we need is a period of slower growth so that the economy can cool off, so the labor market can cool off, so that wages can cool off. That’s how inflation comes down. That’s the only way we know to bring inflation down. And it can be painful, but we don’t know of any painless way for inflation to come down.”

“Video now circulating on the internet shows Mr. Powell described a sharp slowdown in growth in the US, following the bank’s efforts to rein in price rises,” the BBC reported.

The incident has triggered security concerns for the Fed as its bankers frequently make comments that impact markets, affecting the American and global economy.



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Many public and private-sector analysts routinely analyze remarks made by Powell and members of the Federal Open Markets Committee to anticipate the direction of the economy and make business decisions that could influence hiring and salary levels.

“The matter has been referred to appropriate law enforcement, and out of respect for their efforts, we won’t be commenting further,” based on reports from *The Hill*.

The Fed has imposed an aggressive series of rate hikes not seen since the 1980s, claiming the need to tackle inflation by slowing the economy down and reducing demand. Such a policy has had implications both for America and global economies.

Private meetings with Fed officials, nonetheless, often incite controversy about the possible advantage they offer to meeting participants.

For example, Federal Reserve Bank of St. Louis President James Bullard triggered an outcry after comments he had made about monetary policy and economic performance at a private event with Citigroup.

As Bloomberg pointed out, the pranksters on the call with Powell, Vladimir Kuznetsov and Alexei Stolyarov, nicknamed Vovan and Lexus, are backers of Russian President Vladimir Putin and have succeeded in pranking foreign politicians into talking to them, before publishing their talks to embarrass Western policymakers.

Previously, the two also impersonated Zelensky and had a chat with European Central Bank chief Christine Lagarde. Besides, the pranksters have pranked Polish President Andrzej Duda into thinking he was speaking to his French counterpart Emmanuel Macron, as well as former German chancellor Angela Merkel.

In 2018, the U.K. also accused the Kremlin for a hoax call to then Foreign Secretary Boris Johnson. The media revelations of January’s prank call with Powell came amid Russian Foreign Minister Sergey Lavrov’s visit to New York to chair the UN Security Council and participate in a high-level meeting with UN Secretary-General António Guterres.



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